



Corvallis Housing Needs Analysis and Economic Opportunities Analysis

Final Summary Report
November 2016

Acknowledgements

ECONorthwest prepared this report for the City of Corvallis. ECONorthwest and the City of Corvallis thank the many people who helped develop the Corvallis Housing Needs Analysis and Economic Opportunities Analysis.

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Introduction

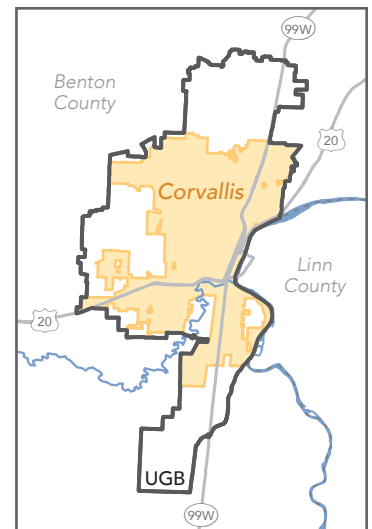
Corvallis' economy and housing market are unique within Oregon. Corvallis in 2016 is home to more than 56,000 people, including many of the nearly 25,000 students attending Oregon State University. Corvallis is a regional employment center, with major employers such as Oregon State University, Good Samaritan Hospital, Hewlett-Packard, and a range of other businesses of all sizes.

This report summarizes the Corvallis Urbanization Study. The purpose of the Urbanization Study is to develop information as a basis for policies that capitalize on Corvallis' opportunities and help address the city's challenges. The Urbanization Study includes technical analysis to address a range of questions that Corvallis faces.

The Corvallis Urbanization Study includes four parts:

- **Buildable Lands Inventory** presents an inventory of land within the Corvallis city limits and urban growth boundary. It identifies land with development capacity, excluding land that is already developed, public or exempt, and land with development constraints such as steep slopes or locally protected wetlands.
- **Housing Needs Analysis** describes Corvallis' housing need over the 2016-2036 period in the context of housing market trends and demographic and socioeconomic trends. The basis of the analysis is a forecast of Corvallis' population growth over the next 20 years. The analysis considers the capacity of vacant residential land and determines whether the city has enough land to accommodate 20 years of growth.
- **Economic Opportunities Analysis** forecasts Corvallis' employment growth over the 2016-2036 period in the context of the local, regional, statewide, and national economic trends that will affect economic development in Corvallis. The analysis forecasts employment growth and land demand in Corvallis within the context of the City's economic development goals and policies. The analysis determines whether Corvallis has enough commercial and industrial land to accommodate 20 years of growth.
- **Policy Analysis** examines Corvallis' existing Comprehensive Plan Economy and Housing policies and makes recommendations for changes to address issues identified in the Urbanization Study.

This document summarizes the results of the Urbanization Study, presenting the results of the Buildable Lands Inventory, Housing Needs Analysis, and the Economic Opportunities Analysis. Throughout this report, unless otherwise noted, the data in this document are from the U.S. Census.



Corvallis Study Area

The 2016 City Limits are shown in the shaded area.
The UGB is indicated by the black line.

Buildable Land Inventory and Methodology

Comprehensive Plan Designations

Low Density Residential (LDR)

Medium Density Residential (MDR)

Medium-High Density Residential (MHDR)

High Density Residential (HDR)

Mixed Use Residential (MUR)

Central Business District (CBD)

Mixed Use Commercial (MUC)

Professional Office (PO)

Limited Industrial (LI)

Limited Industrial – Office (LIO)

Mixed Use Employment (MUE)

General Industrial (GI)

Intensive Industrial (II)

Mixed Use Transitional (MUT)

General Industrial – Office (GIO)

Public / Institutional (PI)

Open Space – Agriculture (OSA)

Open Space – Conservation (OSC)

The purpose of the buildable lands inventory was to identify land with development capacity within Corvallis' Urban Growth Boundary (UGB). The buildable lands inventory differentiates between land with development capacity within the city limits and all land with development capacity within the UGB.

The buildable lands inventory builds from information about: the UGB, city boundary, tax lots, comprehensive plan designations, zoning, and environmental constraints (e.g., wetlands, streams, riparian corridors, significant vegetation, floodways, 100-year floodplain, steep slopes, and elevation).

The inventory was completed through a multi-step process which included substantial review to ensure accuracy from ECONorthwest staff and City staff.

A key step in the buildable lands analysis was to classify tax lot lands into a set of mutually exclusive categories based on development status, as defined below.

Residential Land Classifications:

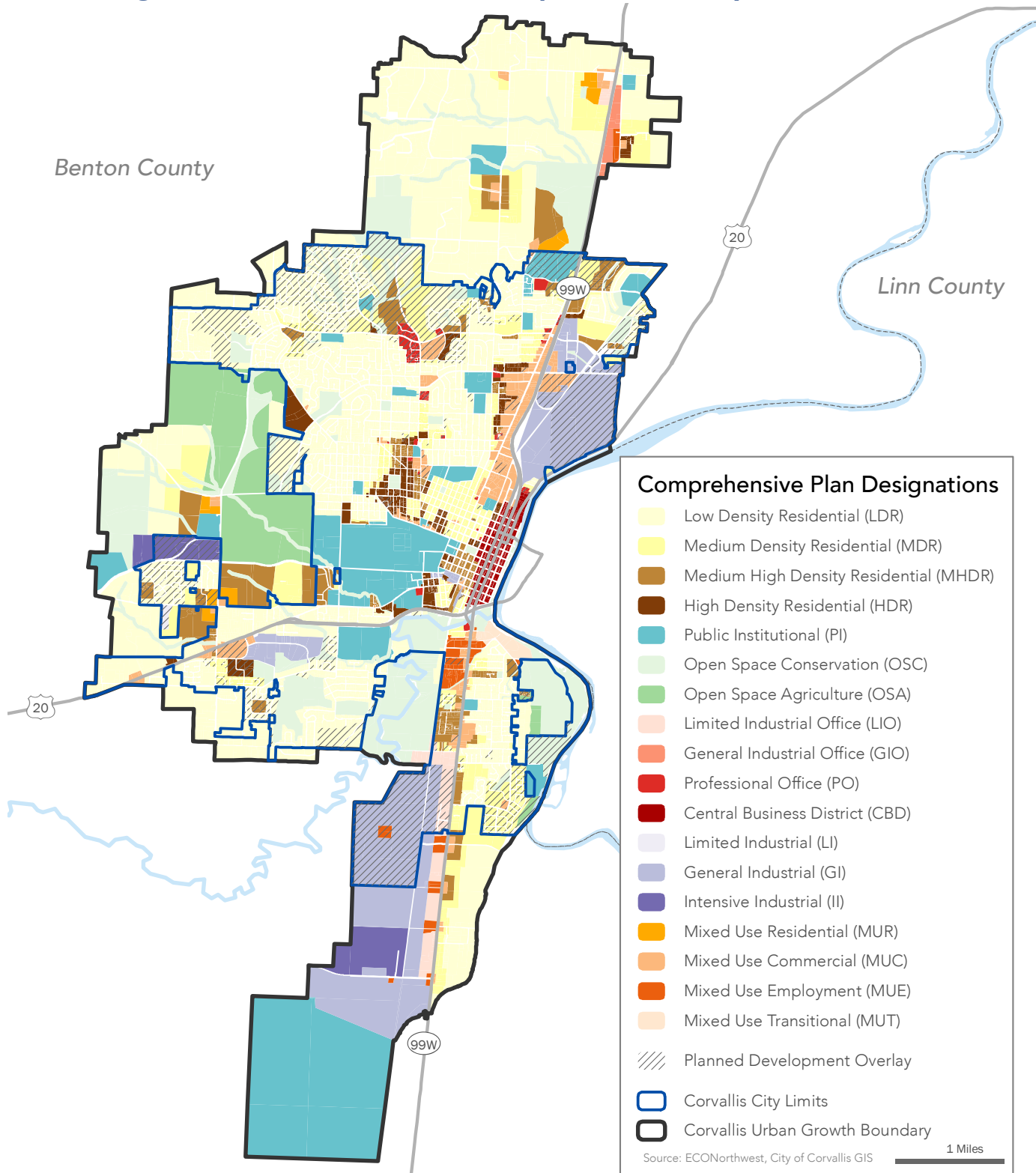
- **Vacant Land.** Tax lots that have no structures or have buildings with improvement values under \$10,000 (excluding lots with mobile homes).
- **Partially Vacant Land.** Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning.
- **Developed Land.** Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period.
- **Public or Exempt Land.** Lands in public or semi-public ownership are considered unavailable for development.

Commercial and Industrial Land Classifications:

- **Vacant Land.** A tax lot that does not contain a permanent building or improvement or a parcel 5 acres or larger where less than one half-acre is occupied by permanent buildings or improvements.
- **Partially Vacant Land.** Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning.
- **Developed Land.** Non-vacant land that is unlikely to be redeveloped during the planning period.
- **Public or Exempt Land.** Lands in public or semi-public ownership are considered unavailable for development.

Corvallis Comprehensive Plan

Plan Designations and Planned Development Overlay



Residential Buildable Land

Corvallis has a total of 1,642 acres of unconstrained vacant and partially vacant residential buildable land. About one-quarter of this land (426 acres) is within Corvallis' city limits and the remaining three-quarters (1,216 acres) is located within Corvallis' urban growth boundary but outside of the city limits.

Unconstrained Vacant and Partially Vacant Land

This is land without constraints that prohibit or limit development.

Planned Development Overlay

This is an overlay that can be applied to any residential zone at the discretion of the property owner. Land in this overlay has additional regulation, as described in Chapter 3.33 of Corvallis' Land Development Code.

Partially Constrained Land

These are constraints on residential lands that include partially protected wetlands, partially protected riparian corridors, partially protected significant vegetation, partially protected areas in the 100 year floodplain, and land on slopes of 25% to 35%.

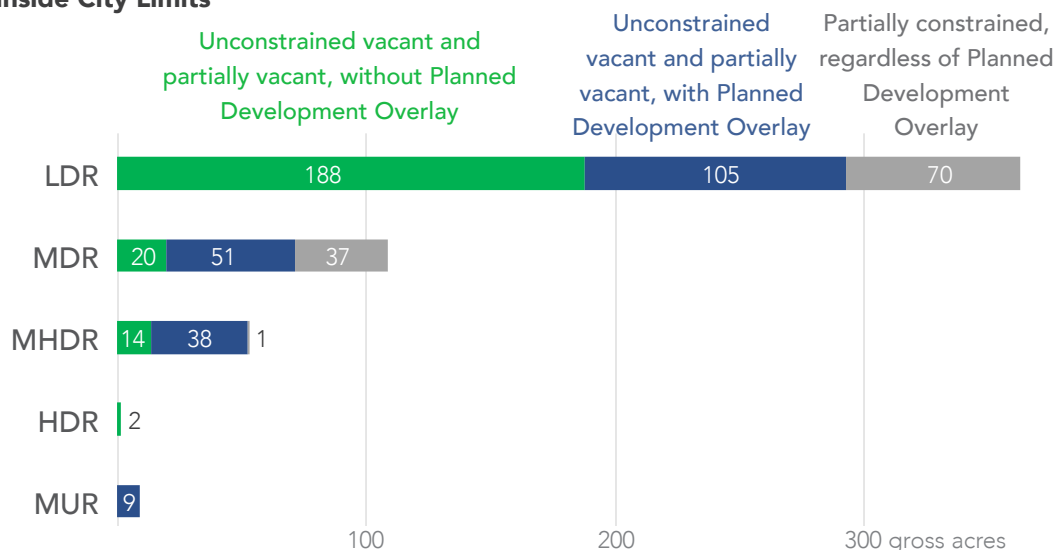
About 12% (204 acres) of Corvallis' unconstrained vacant and partially vacant land is in areas with a Planned Development Overlay, which has specific development standards that are described in Corvallis' Land Development Code.

Corvallis has about 263 acres of partially constrained residential land. This is land with constraints that decrease development capacity but do not prohibit development.

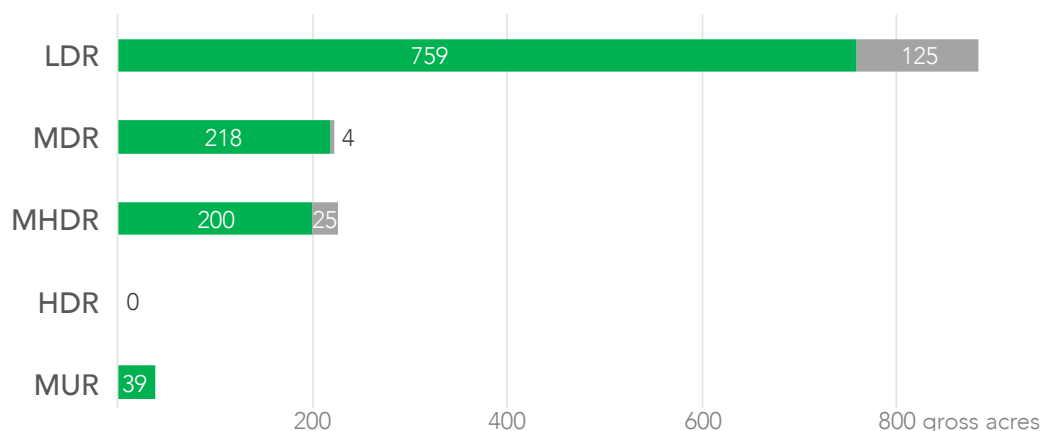
RESIDENTIAL BUILDABLE LAND BY PLAN DESIGNATION, GROSS ACRES, 2016

Source: ECONorthwest Analysis of Corvallis GIS data

Inside City Limits



Outside City Limits, Inside UGB

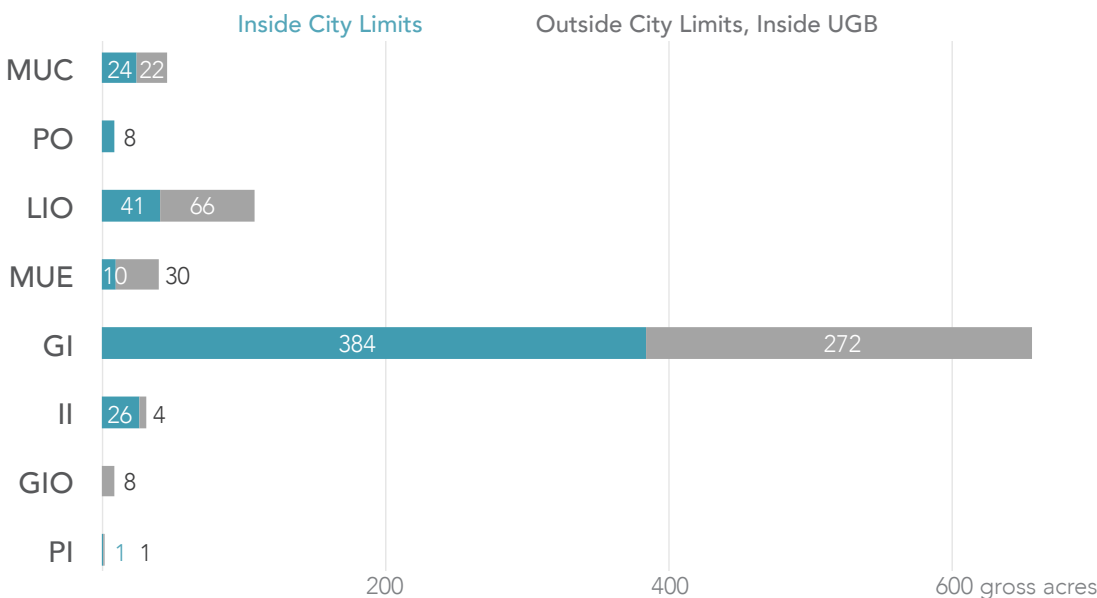


Commercial and Industrial Buildable Land

Corvallis has a total of 898 acres of unconstrained vacant and partially vacant commercial and industrial buildable land. About 55% of this land (494 acres) is within Corvallis' city limits and the remainder (404 acres) is located within the Corvallis' urban growth boundary but outside of the city limits.

COMMERCIAL AND INDUSTRIAL BUILDABLE LAND IN UNCONSTRAINED VACANT AND PARTIALLY VACANT TAX LOTS BY PLAN DESIGNATION (REGARDLESS OF PLANNED DEVELOPMENT OVERLAY), CORVALLIS UGB, 2016

Source: ECONorthwest analysis of Corvallis GIS data



Corvallis' vacant employment land is concentrated in a few Plan Designations.

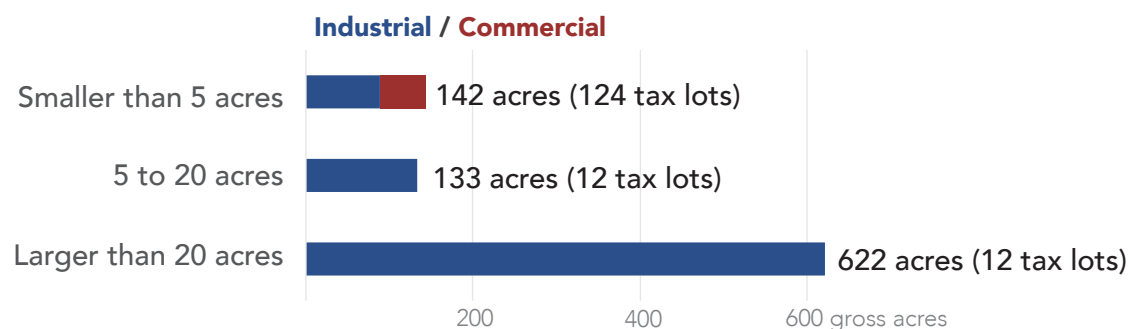
Eighty percent of Corvallis vacant commercial land is located in Mixed-Use Commercial (MUC).

Seventy-eight percent of Corvallis' industrial land is located in General Industrial (GI).

Several Plan Designations have 0 acres of unconstrained vacant and partially vacant land: Central Business District, Limited Industrial, and Mixed Use Transitional.

LOT SIZE BY PLAN DESIGNATION, BUILDABLE ACRES, CORVALLIS UGB, 2016

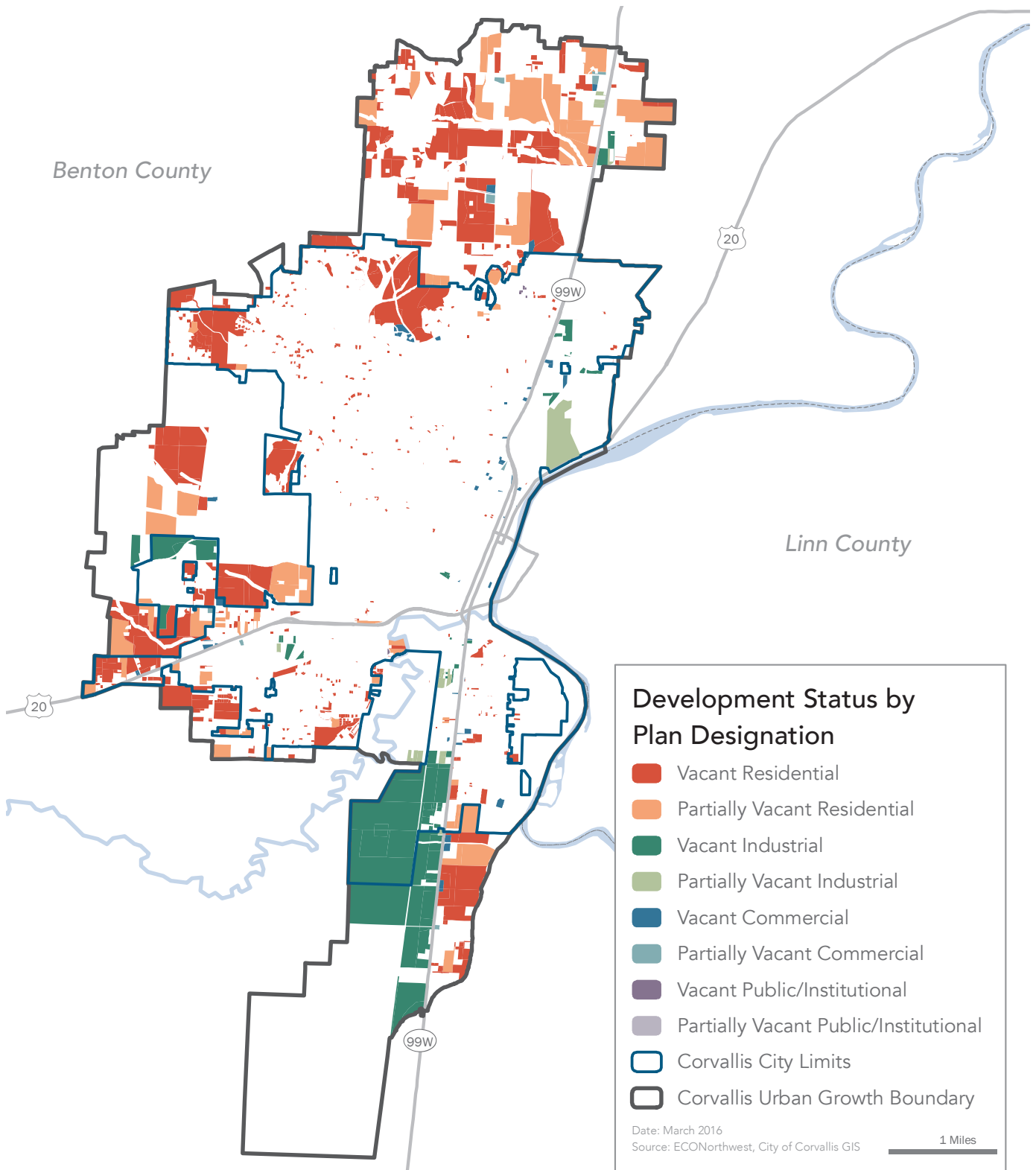
Source: ECONorthwest analysis of Corvallis GIS data



Corvallis has 3 acres of partially constrained commercial land and 47 acres of partially constrained industrial land.

Corvallis Buildable Land Inventory 2016

Vacant and Partially Vacant Land by Plan Designation



Housing Needs Analysis:

Introduction

Corvallis is a growing city, adding more than 7,200 new residents between 2000 and 2013, accounting for more than two-thirds of the population growth in Benton County. Growth in population has resulted in growth in housing, with Corvallis adding nearly 2,800 new dwelling units within the Urban Growth Boundary (UGB) between 2000 and 2013, about half of which were single-family detached housing and half were multifamily housing.

Corvallis' population growth was driven in large part by growth of students at Oregon State University (OSU). Between 2000 and 2015, full- and part-time enrollment at OSU's Corvallis campus grew from about 12,230 students to 23,450 students, an increase of more than 11,200 students.

As the City's population and housing stock grew over the last decade, housing has become less affordable to people living in Corvallis. Homeownership has become less affordable in Corvallis since 2000. In 2013, the average house cost 6.9 times the median household income, compared to 4.3 times median household income in 2000. About 46% of Corvallis' households are unable to afford their current housing (i.e., they spend more than 30% of gross income on housing), with 66% of renters unable to afford their housing costs.

Corvallis must plan to accommodate residential growth over the 2016 to 2036 period, both for full-time, year round residents and for students at OSU. An important part of that planning is understanding historical trends in Corvallis' housing market, as well as demographic and socioeconomic trends that may affect Corvallis' housing market over the 20-year planning period.

The Housing Needs Analysis presents information about these and other issues that will shape housing demand in Corvallis over the 2016 to 2036 period. It provides the City with information about Corvallis' housing market, housing stock and land supply, and future housing demand for the 2016-2036 period. This information will provide a factual basis to support updates to the City's Comprehensive Plan Housing Element.

The Housing Needs Analysis complies with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 8, and ORS 197.296.

The following section of the Summary report presents the results of the longer, more detailed Housing Needs Analysis presented in the Urbanization Study. For more details on the issues discussed in this report, please refer to the Urbanization Study.



Corvallis' Population and Households

Population and housing characteristics are useful for better understanding Corvallis and the people who live here. Characteristics such as population growth, age of residents, household size and composition, commuting patterns, average pay per employee, and home ownership provide useful information about how the characteristics of Corvallis' households compare to Benton County and Oregon.

Unless otherwise noted, all data in this document are from the U.S. Census.

Corvallis has a large population of college students.

In 2013, about 19,000 of Corvallis' residents were undergraduate, graduate, and professional students, accounting for 35% of Corvallis' population.

Corvallis has a large percentage of college-aged students

About 89% of Corvallis' residents aged 18 to 24 years old were college students, including undergraduate, graduate, and professional students.

AVERAGE POPULATION GROWTH PER YEAR, 2000-2014



Corvallis



Benton Co.



Oregon

POPULATION, 2014

Source: Portland State University, Population Research Center

56,535
Corvallis

88,740
Benton Co.

3,962,710
Oregon

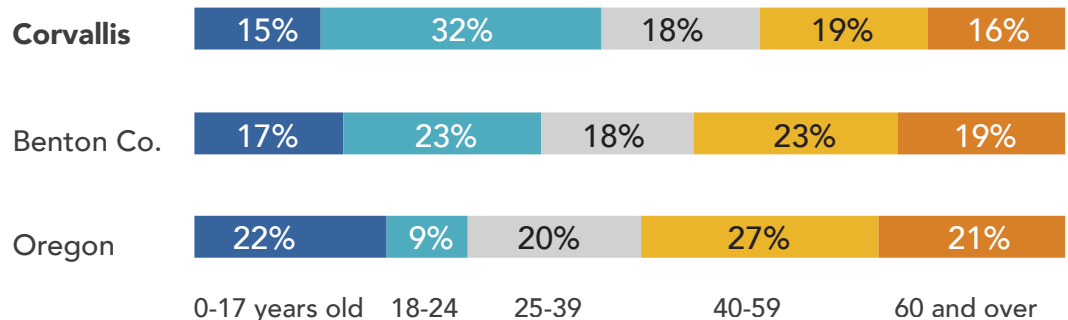
MEDIAN AGE, 2013

27
Corvallis

33
Benton Co.

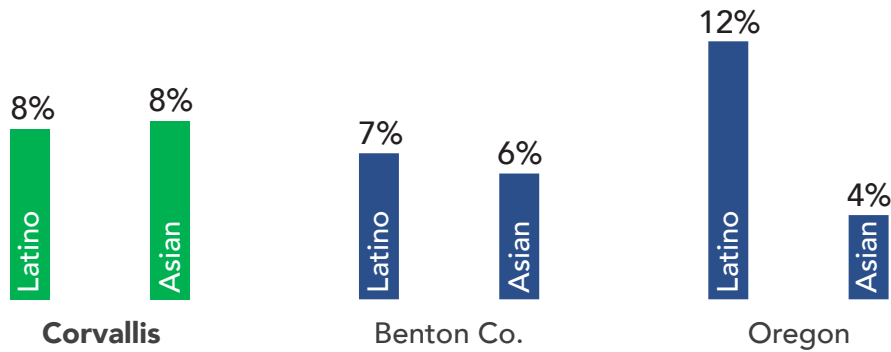
39
Oregon

AGE DISTRIBUTION, 2013



CORVALLIS' POPULATION AND HOUSEHOLDS

PERCENT OF POPULATION THAT IS HISPANIC/LATINO AND ASIAN, 2013



Corvallis' largest ethnic and racial minority populations are Latino and Asian, with each accounting for 8% of Corvallis' population.

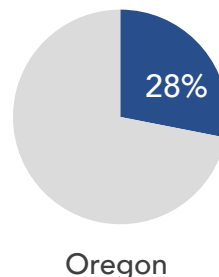
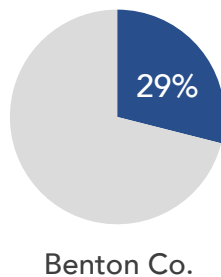
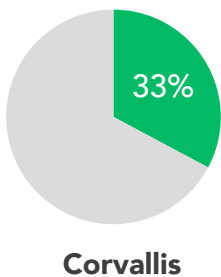
AVERAGE NUMBER OF PEOPLE PER HOUSEHOLD, 2013

2.4
Corvallis

2.4
Benton Co.

2.5
Oregon

PERCENT OF HOUSEHOLDS THAT ARE SINGLE-PERSON, 2013



Corvallis has a larger percentage of single-person households than the county or state.

HOUSEHOLD COMPOSITION, 2013

A family household is one in which the resident is related to at least one other person in the household by birth, marriage, or adoption. Non-family households include people living alone, unmarried couples, and unrelated housemates.



Families with children

Families without children

Non-family households

Corvallis has a larger percentage of non-family households than the county or state.

Corvallis' Income Characteristics

Income is one of the key determinants in housing choice and a household's ability to afford housing. The information below shows multiple measures of income in Corvallis to show the impact of the large number of students in Corvallis. We compare income for all households and for families. Household income includes all income for all members of all households, which includes student households. Family income includes income only for families, which the Census defines as a household with people who are related by birth, marriage, or adoption.

Corvallis' income is affected by the large number of students living in the city.

Corvallis' median household income is about \$10,000 lower than the State average but family income is \$15,000 higher than the State average. This difference is attributable to the fact that more than one-third of people living in Corvallis are college students.

Income is substantially lower for young households.

More than three-quarters of Corvallis' households under 25 have income of less than \$25,000 per year. Corvallis has a large percentage of population aged 18 to 25 (32% compared to the State average of 9%). The large percentage of college-aged people in Corvallis accounts, at least partially, for the lower household incomes.

MEDIAN HOUSEHOLD INCOME, 2013

\$39,500
Corvallis

\$47,600
Benton Co.

\$49,500
Oregon

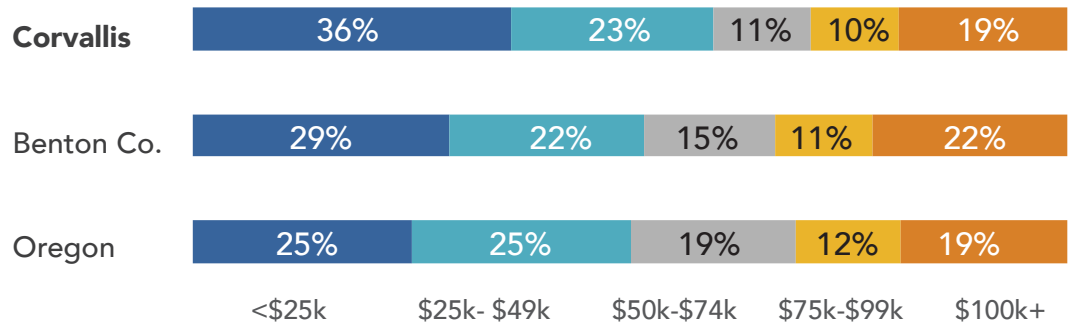
MEDIAN FAMILY INCOME, 2013

\$74,600
Corvallis

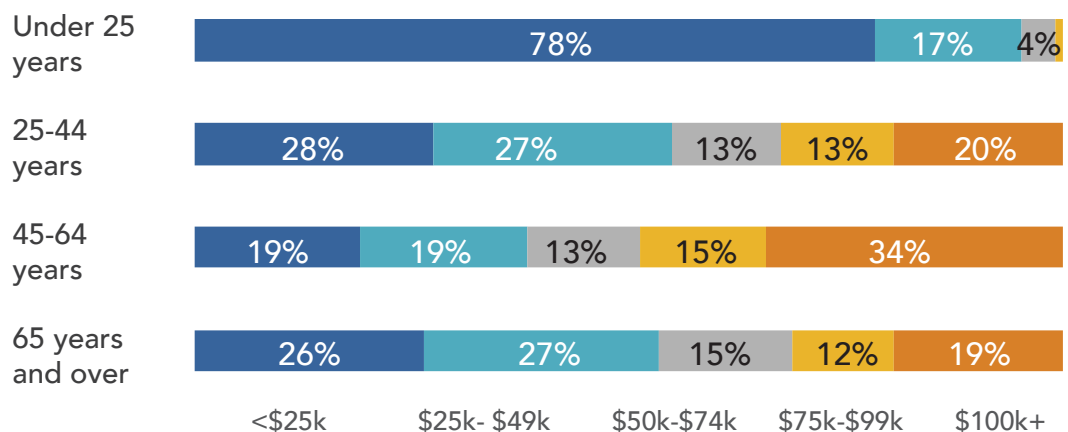
\$74,300
Benton Co.

\$60,900
Oregon

HOUSEHOLD INCOME DISTRIBUTION, 2013



CORVALLIS HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER, 2013



Corvallis' Housing Market

Analysis of historical development trends in Corvallis provides insights into how the local housing market functions in the context of Benton County. This report groups housing into the three housing types shown below.

HOUSING TYPES



Single-family detached
(includes mobile and
manufactured homes)



Single-family attached
(townhouses)

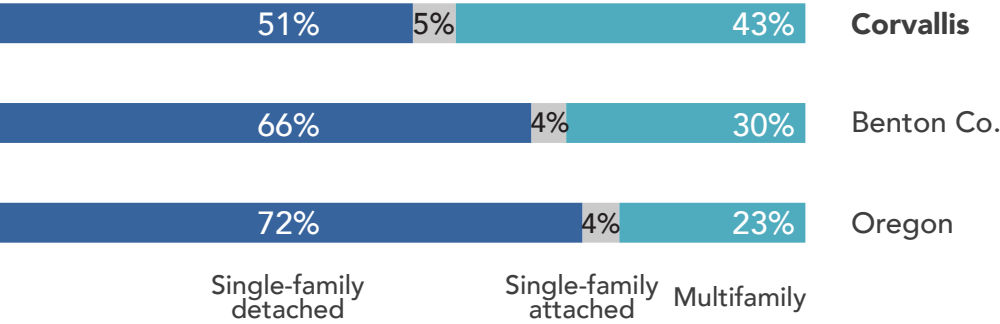


Multifamily
(condos, apartments,
duplexes)

Corvallis has a larger percentage of multifamily housing (43%) than the State average (23%).

Some of this difference can be explained by the fact that cities generally have a larger percentage of multifamily housing and some can be explained by Corvallis' large college student population.

MIX OF EXISTING HOUSING TYPES, 2013



BUILDING PERMITS ISSUED, 2000-2015

Source: City of Corvallis



Over the 2000 to 2015 period, Corvallis issued permits for more than 4,100 dwelling units, with an average of 258 permits issued annually.

About 46% of dwellings permitted were single-family (including detached and attached) and 54% were multifamily (including duplexes, residential development from commercial building permits, and other multifamily).

Housing Affordability

The term 'affordable housing' refers to a household's ability to find housing within its financial means. Housing affordability affects both higher- and lower-income households and is an important issue for Corvallis. Low-income households have fewer resources available to pay for housing and have the most difficulty finding affordable housing. Key points about affordability in Corvallis include:

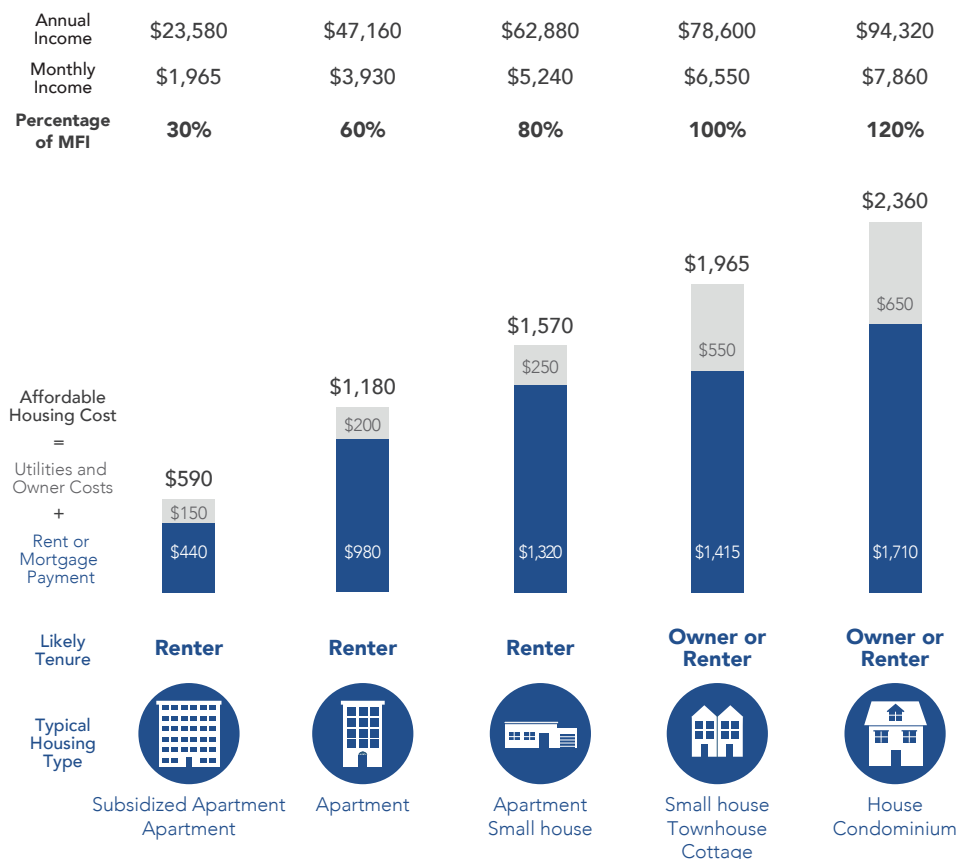
- Corvallis will have an ongoing need for housing affordable to lower-income and moderate-income households.
- The City is planning for needed housing types for households at all income levels.
- Future housing affordability will depend on the relationship between income and housing price.
- Corvallis' large percentage of households with income below \$25,000 per year is a result of the large college student population in Corvallis. While students do generally have low income, they have access to other sources of capital for rent, including family and financial aid.

HOUSING AFFORDABILITY BASED ON BENTON COUNTY MEDIAN FAMILY INCOME (MFI) OF \$78,600 IN 2015

Source: US Department of Housing and Urban Development, 2015

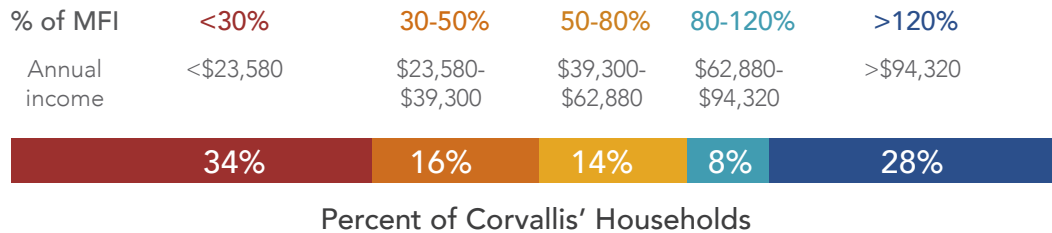
Lower income households have the most difficulty finding affordable housing.

Thirty-four percent of Corvallis' households have income below \$23,580, but only 14% of Corvallis' dwelling units have housing costs that are affordable to these households.



CORVALLIS HOUSEHOLD INCOME DISTRIBUTION IN COMPARISON WITH BENTON COUNTY MEDIAN FAMILY INCOME (MFI), 2013

Source: US Department of Housing and Urban Development



About one third of Corvallis households have income below 30% of median family income.

Many of these households are under twenty-five years old and most are college students.

PERCENT OF HOUSEHOLDS THAT ARE COST BURDENED, 2013

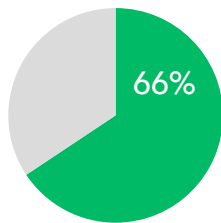
Cost-burdened households spend more than 30% of their gross income on housing.

46%
Corvallis

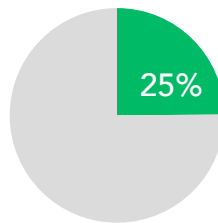
40%
Benton Co.

40%
Oregon

PERCENT OF CORVALLIS' HOUSEHOLDS THAT ARE COST BURDENED, BY OWNERSHIP STATUS, 2013



Renter-occupied households



Owner-occupied households

Nearly half of Corvallis' households are paying more than they can afford for housing.

Two-thirds of renter households are cost burdened in Corvallis, compared to the State average of 54%. One quarter of homeowners in Corvallis are cost burdened, compared to the State average of 31%. The higher rates of cost burden in Corvallis reflect the effects of the large college student population.

MEDIAN HOME SALES PRICES, 2015

Source: Zillow, 2015

\$295,400
Corvallis

\$289,650
Benton Co.

\$267,700
Oregon

Median home sales prices have doubled in Corvallis since 2000.

Median sales price in Corvallis increased from \$146,300 in 2000 to \$295,400 in 2015. This is consistent with State trends.

RATIO OF MEDIAN OWNER-OCCUPIED HOUSING VALUE TO MEDIAN HOUSEHOLD INCOME, 2013

Lower ratios indicate that housing is more affordable. HUD's standard is 3.0.

6.9
Corvallis

5.7
Benton Co.

4.7
Oregon

Home prices grew faster than income in Corvallis and across the State since 2000.

Factors Affecting Housing Need

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice, as shown in the figure below. Key relationships include:

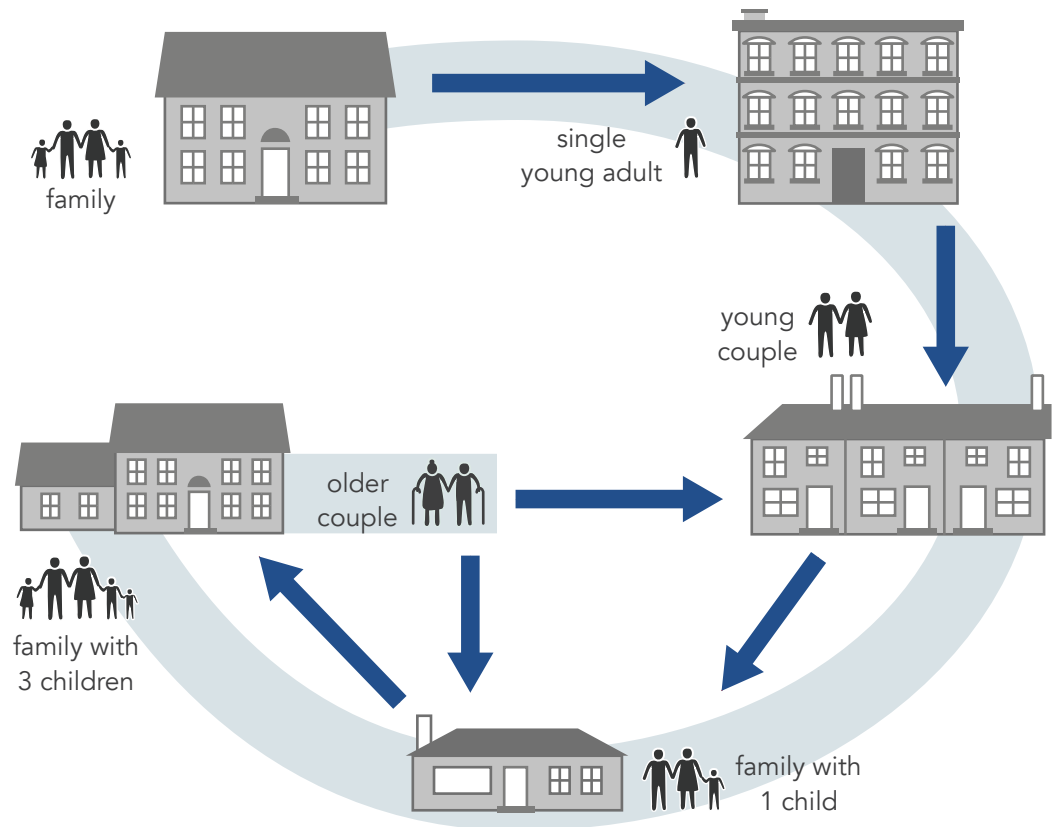
Continued growth in OSU students, but at a slower rate, will affect housing need in Corvallis.

College students account for more than one-third of Corvallis' population, most of whom attend OSU. Growth in students at OSU will continue to impact housing demand in Corvallis.

Between 2000 and 2015, OSU enrollment in Corvallis grew at an average annual growth rate of 4.4%. OSU expects enrollment to continue growing in Corvallis but at a slower pace than between 2000 and 2015. OSU does not have an official forecast of enrollment but expects on-campus enrollment in Corvallis to grow to about 27,000 students by about 2023, an increase of about 3,550 students at an average annual growth rate of 1.8%.

- Housing needs change over a person's lifetime.
- Homeownership rates increase as income increases.
- Homeownership rates increase as age increases.
- Choice of single-family detached housing increases as income increases.
- Renters are much more likely to choose multifamily housing than single-family housing.
- Income is a strong determinant of tenure and housing-type choice for all age categories.

HOUSING LIFE CYCLE



The linkages between demographics and housing need can be used to predict future housing need in Corvallis. Four demographic trends that are particularly important for Corvallis are shown below:

Growth of OSU Student Population

OSU expects the student population to grow by about 3,500 students by 2023 and has plans to build 250 to 300 new beds in student housing by about 2020. The growth of students will result in continued growth in demand for private housing by OSU students.

Growth in student housing will continue to result in demand for private dormitories or housing in fraternity or sorority houses and in the Corvallis private housing market.

Aging of the Baby Boomers

Consistent with state and national trends, Corvallis' population is growing older. By 2035, 28% of the population of Benton County is forecast to be 60 and over, up from 21% in 2015.

LIKELY TRENDS AMONG BABY BOOMER HOUSEHOLDS:



Household sizes
(more 1 person households)



Homeownership rates
(especially after 75 years old)



Income

Implications of aging trends for housing:

Need for affordable owner and renter housing, especially in walkable neighborhoods.

Millennial incomes will increase as they age. They will need opportunities for affordable, owner-occupied single-family housing, such as cottages or townhouses.

Aging of the Millennials

Corvallis' population is younger than the State averages. Corvallis' ability to attract and retain Millennials will depend on availability of affordable owner- and renter-occupied housing.

LIKELY TRENDS AMONG MILLENNIAL HOUSEHOLDS:



Household sizes
(as they form families)



Homeownership rates



Income

Continued growth of the Hispanic/Latino Population

Corvallis' Hispanic/Latino population grew by more than 1,500 people, increasing from 5.7% of the population in 2000 to 7.9% of the population in 2013. Nationwide, the Hispanic/Latino population is predicted to be the fastest growing racial/ethnic group over the next few decades.

CHARACTERISTICS OF HISPANIC HOUSEHOLDS COMPARED TO NON-HISPANIC HOUSEHOLDS:



Household sizes



Homeownership rates
Hispanic households have higher homeownership rates at younger ages.



Continued lower than average income

Implication of growing ethnic diversity for housing:

Need for larger, lower- cost renting and ownership opportunities for larger households with more children and multiple generations.

Corvallis' Needed Housing

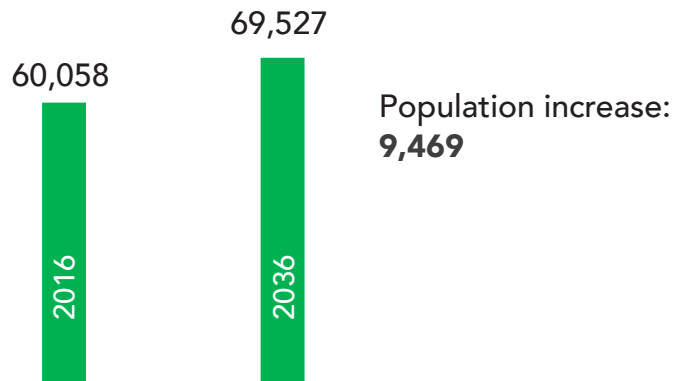
Demand for Residential Land, by Housing Type

Corvallis' population growth over the next 20 years will affect the number of new households created and the demand for residential land. Goal 10 requires that the forecast of new housing be based on an adopted coordinated population forecast. In September 2015, Corvallis' City Council adopted a population forecast for the Corvallis urban growth boundary based on Portland State University's forecast for 2014-2036. This forecast shows that Corvallis' population is estimated to grow at a rate of 0.73% per year, adding 9,469 new people between 2016 and 2036.

Growth in population will result in continued demand for housing in Corvallis.

FORECASTED TOTAL NEW POPULATION, CORVALLIS UGB, 2016-2036

(includes population outside city limits but within UGB)



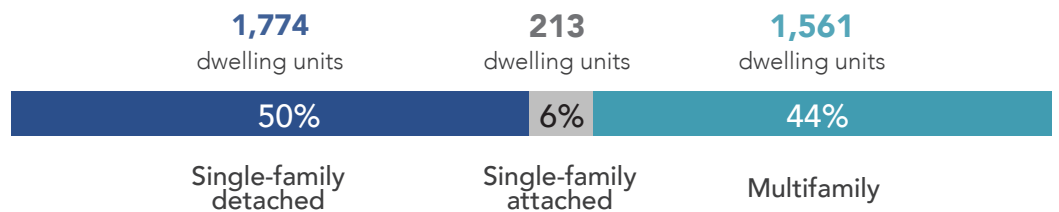
Corvallis will continue to have demand for multifamily housing.

The relatively high cost of housing, continued growth of students at OSU, and demographic changes suggest that more affordable housing types, such as multifamily, single-family attached, and smaller single-family detached housing will continue to be in high demand in Corvallis.

FORECASTED DEMAND FOR NEW DWELLING UNITS, CORVALLIS UGB, 2016-2036



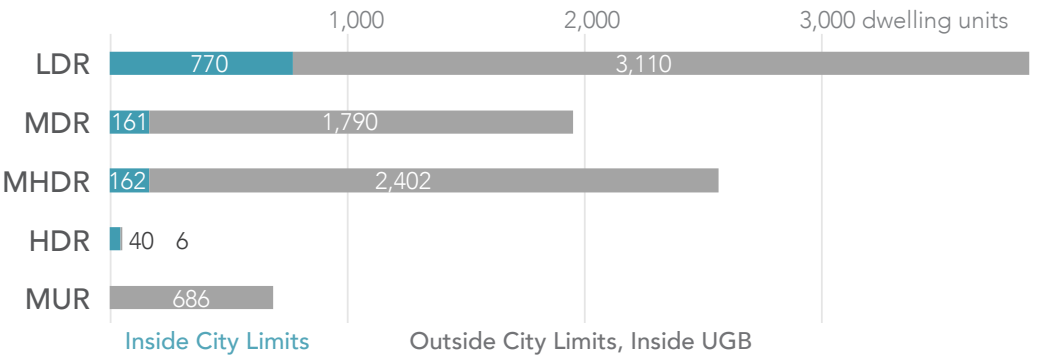
FORECAST OF NEEDED HOUSING BY HOUSING TYPE, CORVALLIS UGB, 2016-2036



Corvallis Residential Land Capacity

Corvallis has capacity for about 9,127 dwelling units on unconstrained vacant and partially vacant land without a Planned Development Overlay. Twelve percent of Corvallis' vacant and partially vacant land is within the city limits.

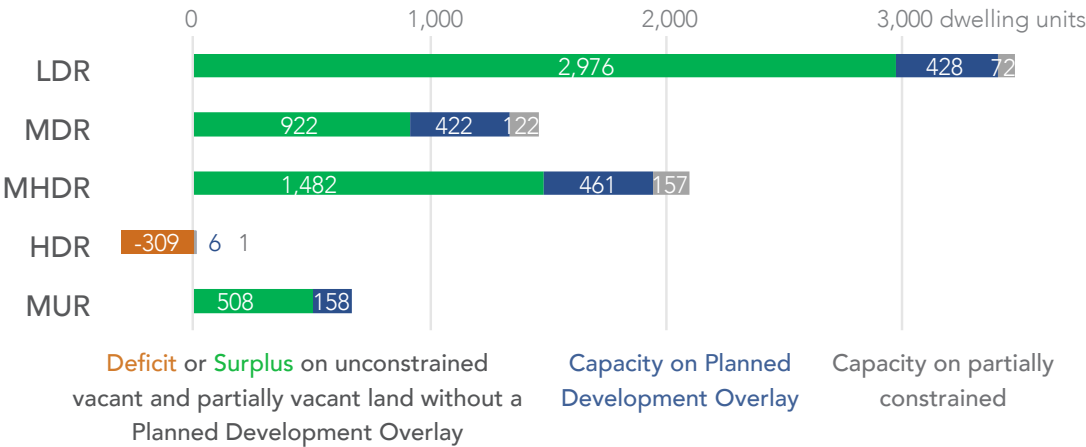
ESTIMATED CAPACITY OF UNCONSTRAINED VACANT AND PARTIALLY VACANT LAND WITHOUT A PLANNED DEVELOPMENT OVERLAY, CORVALLIS UGB, 2016



Corvallis has a surplus of residential capacity of unconstrained vacant and partially vacant land without a Planned Development Overlay in nearly every Designation. The exception is HDR, where Corvallis has a deficit of land to accommodate 309 dwelling units.

Corvallis has additional residential capacity in all Designations (except HDR) on land with a Planned Development Overlay and on partially constrained land.

CAPACITY INCLUDING PARTIALLY CONSTRAINED VACANT LAND AND LAND WITH PLANNED DEVELOPMENT OVERLAY, CORVALLIS UGB, 2016-2036



Corvallis has sufficient residential capacity in most Plan Designations to accommodate residential growth over the 2016-2036 period.

Corvallis has more than enough capacity to accommodate residential growth on unconstrained and partially vacant lands without a Planned Development Overlay in most Plan Designations. The exception is High Density Residential (HDR), where Corvallis has a deficit of capacity for 309 dwelling units.

Corvallis has additional residential capacity on unconstrained and partially vacant land with a Planned Development Overlay, and in vacant land with partial constraints.

Housing Conclusions

Conclusions from Corvallis' Housing Needs Analysis are:

- **Corvallis needs additional smaller units and more diverse housing types.** Demographic trends suggest that there will be an increase in demand for more affordable housing, such as smaller houses and lot sizes for single-family housing.



Key demographic and economic trends that will affect Corvallis' future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino populations.

- **Corvallis has a deficit of housing affordable to lower-income households.** Corvallis currently has an existing deficit of about 4,760 dwelling units affordable to households with incomes below \$25,000. The city will continue to have growth in low- and moderate-income households—households with income below \$60,000.



- Many of the lowest income households (with incomes below \$25,000) are student households.
- Corvallis has low- and moderate-income households who are not students. A substantial number of households who are not as likely to be students have income of \$50,000 or below. These households include: more than half of Corvallis' households aged 25 to 44, nearly 40% of Corvallis' households aged 45 to 64, and more than half of Corvallis households 65 years and older.
- Corvallis' housing need includes providing opportunities for development of housing that is affordable to low- and moderate-income households. The housing types likely to be affordable to these households include government-subsidized housing, manufactured homes on lots and in parks, low-density multifamily housing such as duplexes, townhomes, or apartments.



- **OSU students will continue to impact Corvallis' housing market.** The impact of students on Corvallis' housing market will depend, in part, on whether OSU builds enough new dormitory rooms to accommodate student growth. OSU is forecasting that the student enrollment in Corvallis will grow to 27,000 students by about 2023. OSU plans to build 250 to 300 additional beds of University housing by 2020. Plans for additional University housing are not available at this point. If that forecast holds true, then students will account for about one-third of new population and one-quarter to one-third of new housing demand in Corvallis.

While students generally have lower income, they also have resources to pay for housing beyond income. Because many students have access to money beyond wage and salary income, some student households will compete with lower-income households in Corvallis for affordable housing.

- **Residential land in Corvallis has enough housing capacity to accommodate growth in all residential plan designations on unconstrained vacant and partially vacant land without a Planned Development Overlay except for High Density Residential.** For land designated High Density Residential, Corvallis has a deficit for 309 dwelling units or about 12 gross acres. The City will need to address this deficit to meet the requirements of Goal 10 and ORS 197.296, to provide sufficient land to accommodate 20 years of growth.
- **Corvallis has relatively little residential land within the city limits that may be available for development in the short term (one to five years).** Twelve-percent of Corvallis' residential capacity without a Planned Development Overlay is on land within the city limits. At historic rates of development, that land would be developed in four to five years. Moreover, two-thirds of residential land without a Planned Development Overlay is designated Low Density Residential (LDR).

Corvallis will need to annex and service residential land, or re-designate existing vacant lands with other designations that are considered surplus, to accommodate expected growth. The relatively small amount of unconstrained vacant and partially vacant residential land within the city limits makes getting residential land 'development-ready' urgent.

- **Corvallis housing policies are complex, creating a barrier to residential development, including development of relatively affordable housing.** In 2014, ECONorthwest produced an analysis of Corvallis' housing policies, titled *Corvallis Housing Policy Options* (December 2014). One of the key findings of that analysis was that Corvallis' development regulations and entitlement process make development in Corvallis more difficult than in other nearby communities. The complexity adds time and expense to development in Corvallis, making developing housing in Corvallis more expensive.

Developers want greater certainty earlier in the development process about exactions and other development costs. Suggestions for increasing certainty include increasing staff time available to work with developers in the pre-application process, as well as streamlining the development regulations and development process. In the absence of greater certainty, developers may (and often do) choose to pursue development in neighboring cities, where development is easier and less costly.

- **Corvallis will need to accommodate growth of parkland and public and semi-public uses, mostly on residential land.** Corvallis' *Park and Recreation Master Plan* (October 2015) identifies areas where Corvallis needs new parks, natural areas, and trails. Most of the areas with parkland need are in undeveloped residential areas in North and South Corvallis. Corvallis will also have demand for about 43 acres of land for semi-public uses like churches, which are most likely to be accommodated in residential areas.



Housing Policy Recommendations

- Update the Housing Element of the Comprehensive Plan. The Housing Element contains a vision statement, data from prior analyses, and residential development policies. We recommend:
 - The Housing Element includes data that is now out of date. We recommend updating this data, based on the housing needs analysis in this report, or removing the data from the Housing Element.
 - The Housing Element's vision does not include any language about housing affordability or meeting the housing needs of Corvallis residents. It does mention "meeting the needs of a diverse population," but does so in the context of neighborhood form and livability. The vision addresses land use efficiency, which relates to housing affordability, but focuses on accessibility.
 - We recommend that the City consider adding additional policies to the Housing Element related to housing affordability. Corvallis has an existing well-developed housing program that likely addresses many potential affordable housing policies.
 - We recommend adding a Comprehensive Plan Policy to the Housing Element about maintaining a 20-year supply of residential land. The Housing policies address land supply in the urbanizable area (e.g., the unincorporated area of the UGB). The City should consider modifying that policy or adding a new one that requires a 20-year land supply that includes enough land by plan designation to accommodate needed housing types and densities. The City should also consider adding a policy to monitor short-term residential land supply to help the City maintain enough land within the city limits to accommodate growth for at least the next five years.
- **Identify opportunities for addressing the deficit of high-density multifamily land.** Corvallis can address the High Density Residential land deficit in a number of ways, including: (1) identifying opportunities to rezone surplus lower-density residential land or even industrial land (being careful to ensure compatibility of residential and surrounding uses) to High Density Residential; (2) identifying opportunities for High Density Residential redevelopment; (3) encouraging high density multifamily housing in the Mixed Use Residential designation through annexation of this land to the city limits; and (4) encouraging high density multifamily development in commercial and mixed-use areas, being careful not to substantially displace commercial uses.

We strongly recommend that the City take action on one or more of the options above. The City's deficit of High Density Residential land is relatively modest, 12 acres, but having sufficient opportunities for high-density multifamily development is important for meeting Corvallis' housing needs.



We recommend the City carefully consider location in selecting lands for high density residential designations. Locations close to downtown, employment centers, or commercial services will be most suitable. Proximity to the OSU campus is a consideration. Locations close to campus will likely be attractive to students; not all of the need for high-density housing is for student housing.

- Consider implementing policies to increase the production of housing affordable for low-income and moderate-income households.** We recommend that the City revisit the policy options described in ECONorthwest's 2014 report *Corvallis Housing Policy Options* and identify and implement policies to increase opportunities for development of housing that is broadly affordable to households in Corvallis, people working at businesses in Corvallis, and others who may consider locating in Corvallis over the planning period.
- Continue monitoring residential development.** The City's Housing policies require monitoring housing development to ensure it is meeting the needs of all Corvallis households. These policies demonstrate the City's commitment to meeting housing needs. To the extent possible, the City should expand the program to monitor redevelopment activity. We recommend continuing to monitor housing development.
- Continue to monitor student residential development and coordinate with OSU about expected student growth.** OSU expects enrollment to continue growing in Corvallis but at a slower pace than between 2000 and 2015. OSU plans to build housing to meet student needs, with the expectation that additional demand for student housing will result from upper division students. The City should continue to monitor and coordinate with OSU about changes in student growth and their housing needs, as well as monitoring the development of privately owned housing for students. Corvallis has a very limited supply of land for high-density multifamily development and demand for affordable housing from long-term (or potential long-term) residents of Corvallis.



Economic Opportunities Analysis: Introduction

The Economic Opportunities Analysis provides the City with information about Corvallis' economy.

The Economic Opportunities Analysis complies with statewide planning policies that govern planning for commercial and industrial development, including Goal 9 (economy) and OAR 660-009.

Corvallis is the regional employment center of Benton County, with 86% of the County's employment located within Corvallis. Corvallis is home to major employers such as Oregon State University, Good Samaritan Hospital, Hewlett-Packard, and a range of other businesses of all sizes. Since 1990, employment in Benton County has grown by about 6,900 employees, with the majority of employment growth in services such as health care, professional services, and accommodations and food services.

Employment growth in Corvallis is driving demand for more space for new and growing businesses. While Corvallis has a large base of industrial land, the City's supply of land for commercial uses is more limited. The Economic Opportunities Analysis provides information to support economic development planning and management of Corvallis' commercial and industrial land. It provides the City with information about Corvallis' economy and the city's role as the primary employment center in Benton County and as a major employment center within the Willamette Valley.

The Economic Opportunities Analysis provides Corvallis with a factual basis to support future planning efforts related to employment and options for addressing unmet employment needs. It focuses on three broad issues: (1) the factors affecting economic development in Corvallis, (2) Corvallis' competitive advantages for economic development, and (3) potential employment growth in Corvallis.

The Economic Opportunities Analysis complies with Statewide Planning Goal 9, which directs cities to plan for economic growth. Within the context of Goal 9, the Economic Opportunities Analysis is an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends. It focuses on the comparative advantage of the city when planning for major commercial and industrial development. The Economic Opportunities Analysis includes extensive analysis of Corvallis' commercial and industrial land base to determine how much land is vacant or partially vacant.

The result of the Economic Opportunities Analysis is an estimate of land needed to accommodate the forecast of commercial and industrial employment growth for the 2016-2036 period. The following section of the Summary report presents the results of the longer, more detailed Economic Opportunities Analysis presented in the Urbanization Study. For more details on this issues discussed in this report, please refer to the Urbanization Study.

Corvallis' Vision for Economic Development

Corvallis' vision for economic development is described in the Corvallis 2020 Vision. That report stated that Corvallis will have:

An economically strong and well-integrated city, fostering local businesses, regional cooperation and clean industry.

The 2020 Vision Statement includes a section on economic vitality that includes the following statement:

Corvallis in 2020 is home to a vibrant economy that is anchored by key strategic industries and complemented by a wealth of diverse, environmentally friendly businesses.

The *Corvallis Economic Development Strategy–2015 Update* is focused on identifying short-term implementation steps to move the city towards its economic vitality vision and identifies the following goals:

- **Support innovation and start-ups.** Provide a local business environment that supports a successful, diverse traded-sector entrepreneurial community, including a supportive services infrastructure, long-term transportation strategy, and access to markets.
- **Promote organic growth.** Identify opportunities and support the retention and growth of companies that are currently located in Benton County.
- **Leverage local assets.** Develop a program that will focus on increased tenancy in existing vacant buildings and Enterprise Zone locations by business and industry types that are consistent with the Prosperity That Fits Plan.

The document identifies the following economic development strategies:

1. Support the development and deployment of resident and next stage capital, as well as identifying the likely financing sources for clients, when needed.
2. Develop and maintain relationships with Corvallis's largest employers, to provide unprecedented advantages to Corvallis-based start-ups, including research infrastructure access, accelerator resources, services infrastructure, and innovative community networking.
3. Support business growth by providing properly zoned and serviced land, buildings, and development projects and by maintaining a timely and predictable development review process.
4. Collaborate locally, regionally, and statewide on long-term transportation plans, including access to markets, surface transit, and people traveling. In addition, the Economic Development Advisory Board has identified a number of tactical measures that will support the strategies.

Corvallis' vision for economic development is grounded in livability.

The core elements for the vision for economic vitality are:

Diverse economic base. Broad base of employment in a diverse number of fields, with a predominance of small, locally-owned businesses.

Higher education, high tech, and health care link. Family wage jobs linked in large part to education, technology, health care, professional services, and research.

Regional transportation system. Active and convenient regional transportation system which makes it easy to walk, cycle, or ride mass transit.

Environmentally-sound industries. Business and community collaboration to maintain and improve the city's air and water quality.

Factors Affecting Economic Growth in Corvallis

Employment in Benton County grew slightly slower than the state average.

Corvallis' economy and employment will grow as a result of growth in the national and regional economy, as well as factors in the local area. The following are key trends that have implications for economic growth in Corvallis.

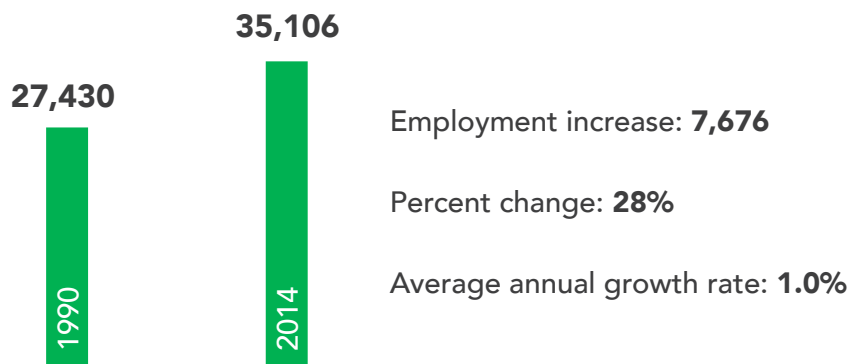
Employment in Benton County grew at an average annual growth rate of 0.9% between 1990 and 2014, adding nearly 7,000 jobs. In comparison, employment grew at 0.9% annually in the U.S. and 1.3% in Oregon over the 24 period.

Commercial Services and Government employment grew in Benton County between 1990 and 2014.

Commercial Services added nearly 9,000 jobs and Government added nearly 1,200 jobs over the 24-year period. In contrast, Retail employment lost 1,100 jobs and manufacturing lost nearly 2,100 jobs over the 24-year period.

CHANGE IN COVERED EMPLOYMENT, BENTON COUNTY, 1990 TO 2014

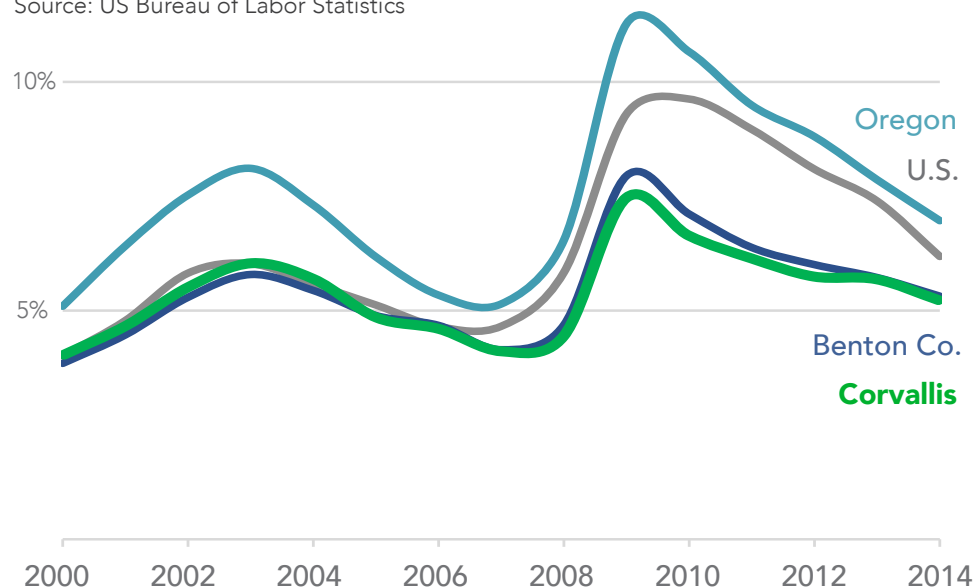
Source: US Bureau of Labor Statistics



Unemployment rates in Corvallis and Benton County are generally lower than the national and State average.

UNEMPLOYMENT RATE, 2000 - 2014

Source: US Bureau of Labor Statistics



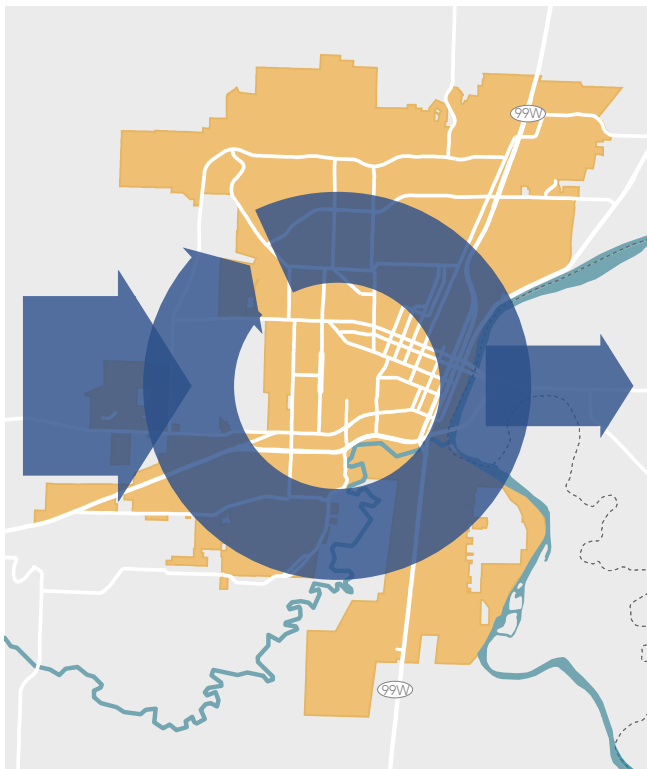
FACTORS AFFECTING ECONOMIC GROWTH IN CORVALLIS

AVERAGE ANNUAL WAGE, 2014

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

\$47,900	\$46,300	\$46,600	\$51,400
Corvallis	Benton Co.	Oregon	U.S.

COMMUTING PATTERNS IN CORVALLIS, 2013



18,810

People commute into Corvallis to work

9,990

People live and work in Corvallis

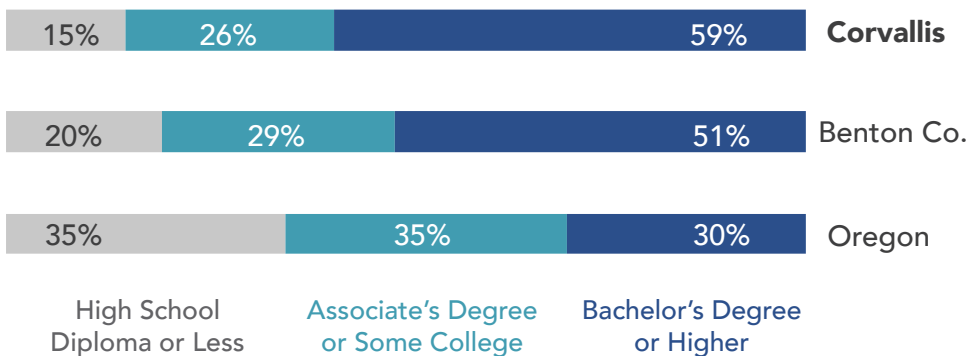
8,970

People live in Corvallis and work elsewhere

Corvallis is a regional economic center.

Sixty-five percent of Corvallis' workers commute into Corvallis. This is similar to other cities in the State.

EDUCATIONAL ATTAINMENT, PERCENT OF THE POPULATION AGE 25 AND OVER, 2013



Corvallis has a much larger than average percent of population with a Bachelor's Degree or higher education.

Employment in Corvallis

In 2014, Corvallis had more than 30,300 covered employees¹ at nearly 1,930 businesses and other employers. Corvallis' average employer size was 15 employees per employer. The majority of employees in Corvallis were in the following sectors: Government (28%), Health Care, Social Assistance, Management of Companies (19%), Retail (11%), Accommodation and Food Service (11%), and Manufacturing (8%).

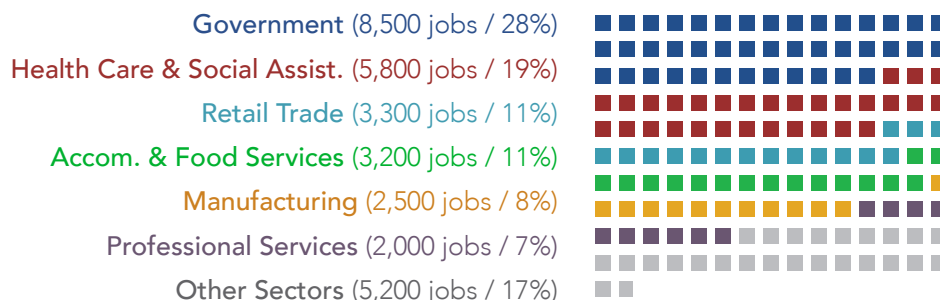
Government is the sector with the most employment in Corvallis.

Twenty-eight percent of Corvallis' jobs are in Government, with 19% of the jobs at OSU.

JOBS BY SECTOR OF FIRM, CORVALLIS, 2014

1 square represents 200 jobs.

Source: Oregon Employment Department, Quarterly Census of Employment and Wages

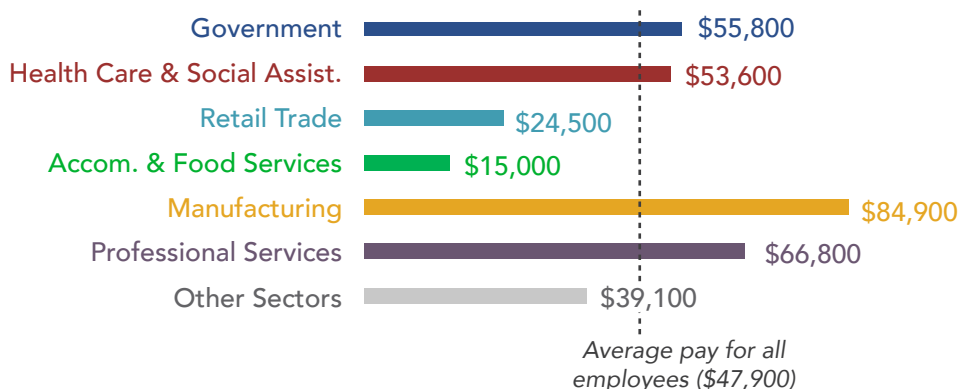


The average pay per employee in Corvallis was \$47,900 in 2014. Manufacturing and Professional Services had the highest average pay. Accommodations and Food Services and Retail Trade had below-average pay.

Manufacturing and Professional Services have higher than average pay in Corvallis.

AVERAGE PAY BY SECTOR OF FIRM, CORVALLIS, 2014

Source: Oregon Employment Department, Quarterly Census of Employment and Wages



¹Covered employment is employment covered by unemployment insurance. Covered employment does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that covered employment reported by the Oregon Employment Department for Benton County is only about 70% of total employment reported by the U.S. Department of Commerce. While this analysis includes only covered employment, the employment forecast presented later in the Summary is based on an estimate of total employment in Corvallis.

Corvallis' Competitive Advantages

Economic development opportunities in Corvallis will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in Corvallis relative to these conditions in other portions of the Willamette Valley form Corvallis' competitive advantage for economic development. Corvallis' competitive advantages have implications for the types of firms most likely to locate and expand in the area.

There is little that metropolitan area jurisdictions can do to influence the national and state conditions that affect economic development, though they can influence local factors that affect economic development. Corvallis' primary competitive advantages are:

- **Location.** Corvallis is located in the central part of the Willamette Valley, about an hour and a half south of Portland by car.
- **Transportation.** Highway 34 provides a direct connection to I-5 and Highway 99W connects Corvallis to Salem and Eugene. Highway 20 provides access both to the Oregon Coast and to Albany and I-5.
- **Oregon State University (OSU).** Corvallis is home to one of the state's largest universities. OSU is a research university, employs about 12,000 people (including both full- and part-time employees), and has about 23,500 students in Corvallis.
- **Existing employment base.** Corvallis is the regional employment center of Benton County, which had over 2,400 employers with a total of more than 35,100 workers in 2014.
- **Labor market.** Businesses in Corvallis have access to workers from across the Willamette Valley, including highly educated skilled workers, nearby college students, and unskilled workers.
- **Economic development partnerships.** Corvallis works with a wide range of local and regional economic development partners.
- **Support for Entrepreneurship.** OSU provides an advantage for start-ups and entrepreneurial growth in Corvallis. In addition to Oregon's statewide RAIN nonprofit, OSU has the Advantage Accelerator, which works with entrepreneurs in the City. It assists a variety of businesses over a range of industries. ONAMI assists nanoscience and microtechnology start-ups, helping companies raise capital, market new products, and increase sales. Both nonprofits help incubate and grow smaller entrepreneurial businesses in Corvallis.
- **Quality of life.** Corvallis' high quality of life attributes include: safe and attractive neighborhoods, cultural amenities, university sporting events, educational opportunities, shopping opportunities, and access to outdoor recreation.
- **Public policy.** Can impact the amount and type of economic growth in a community. For example, businesses may choose to locate in Corvallis based on: development charges, availability of public infrastructure, and attitudes towards businesses.

Corvallis' disadvantages for economic development include:

- Distance from I-5
- Distance from a major airport
- Location of industrial land
- Lack of vacant commercial and industrial buildings
- Complex and uncertain system for land use decisions
- Restrictions on development at the Airport Industrial Park
- Distant connections to venture capital and a pool of high technology companies
- High housing costs

Corvallis' Target Industries

An analysis of growth industries in Corvallis should address two main questions: (1) Which industries are most likely to be attracted to Corvallis? and (2) Which industries best meet Corvallis' economic development vision? The selection of target industries is based on Corvallis' vision and goals for economic development, economic conditions in Corvallis and Benton County, and the city's competitive advantages.



Growth of manufacturing in Corvallis has been largely driven by growth in high technology, such as electronics components, computers, medical equipment, and software publishers. In addition, Corvallis has a long connection with forest product manufacturing, with OSU's College of Forestry. Future opportunities include the development of renewable energy production via forest products. Professional services firms are also important industries in Corvallis, such as engineering, consulting, and other professional firms.

Given the emphasis on small business growth and development in Corvallis, it is reasonable to assume that much of the city's business growth will come from small and moderate-sized businesses, either those already in Corvallis or new businesses that are founded there.

The target industries identified as having potential for growth in Corvallis are:

- **Manufacturing**, such as advanced manufacturing, computer and electronics manufacturing, biotechnology, metals manufacturing, pharmaceutical manufacturing, or recreational equipment.
- **Clean Tech and Renewable Energy**, such as firms engaged in clean tech and renewable energy product research and development, contractors involved in the installation of clean tech or renewable energy products, alternative energy production (e.g., manufacturing solar panels or bio-fuels), and other types of clean tech and renewable energy production.
- **Professional and Technical Services**, such as software development, health care, engineering, architecture and design, research, legal services, information technology services, and other professional services that are attracted to high-quality places to live.
- **Services for seniors**, such as assisted living facilities, retirement centers, and medical services.
- **Services for residents**, such as retail, medical services, and government services, especially primary education.

Growth in these industries may result from expansion of existing businesses, founding of new entrepreneurial businesses (e.g., related to research at OSU), or relocation of businesses to Corvallis.



Entrepreneurship and Small Business Opportunities

One of Corvallis' key economic development opportunities is the growth of small and mid-sized businesses. Programs that foster entrepreneurship and small business growth in Corvallis include the following:

- **The Oregon Regional Accelerator and Innovation Network (RAIN).** RAIN is a nonprofit dedicated to supporting and growing traded-sector businesses. RAIN does this through building and connecting existing talent, capital, and infrastructure into a network that is easy for entrepreneurs to access and navigate in every stage of business development. In Corvallis, RAIN's key partnerships are with Oregon State University, the City of Corvallis, Benton County, and other regional partners.
- **OSU Advantage Accelerator-RAIN Corvallis.** The OSU Advantage Accelerator operates as an accelerator incubator for start-up and early stage organizations, providing support services to entrepreneurs at critical points in emerging ventures development. The OSU Advantage Accelerator is the Corvallis-local presence of RAIN and is led by the OSU Research Office. It connects OSU with industry, entrepreneurs, and investors. The Accelerator focuses on speeding up the successful commercialization of ideas into high-growth, innovative companies.

The OSU Advantage Accelerator works with entrepreneurs through actions such as: identifying a potential product, market and industries; testing start-up company feasibility and validating business models; and launching the start-up company, ramping up from research and development to product manufacturing and marketing.

- **The Oregon Nanoscience and Microtechnologies Institute (ONAMI).** ONAMI has worked with entrepreneurs from OSU and the University of Oregon to commercialize research and development in Oregon since 2003. ONAMI's three major programs are: (1) a professionally managed commercialization gap fund, (2) support and promotion of shared user facilities for industry and academic researchers, and (3) matching grants for industry sponsored research awards.

ONAMI helps businesses connect with investors, develop and introduce new products, market themselves, increase sales, and expand into new markets. Between 2007 and 2015, ONAMI funded 45 University Start-up Companies and the companies raised \$165 million in capital.

Lack of business incubator space and existing buildings for start-ups is a barrier to entrepreneurial business growth.

Corvallis does not have a space where small businesses can co-locate, with shared services (such as administrative services), business infrastructure (such as high-capacity, high-speed telecommunications), laboratory space, and light manufacturing space.

Corvallis lacks available commercial and laboratory space to support businesses as they grow from small to mid-sized businesses. Some start-up businesses leave Corvallis for these and other reasons as they grow.

Forecast of Employment Growth and Land Sufficiency

Corvallis is forecast for growth in both commercial and industrial employment sectors.

Corvallis is planning for growth of nearly 8,200 new jobs in the city over the 2016 to 2036 period. More than 6,000 of the jobs will be in office and commercial services, more than 1,000 in retail, and nearly 1,100 in industrial land uses. This pattern of job growth is consistent with Corvallis' existing employment base and with the City's vision for economic development.

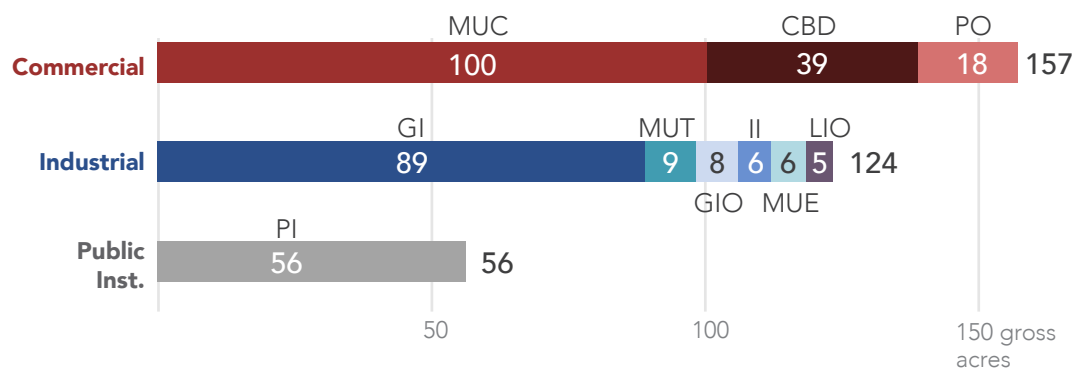
Corvallis has a deficit of land in Commercial and Public Institution Designations.

These are deficits for land for employment in largely commercial industries, such as professional services and health care.

The rate at which Corvallis' employment base grows over the next 20 years will affect development of new commercial and industrial buildings and demand for employment land. Corvallis' employment forecast assumes that employment will grow at the same rate as the Oregon Employment Department's forecast for employment growth of the region that Benton County is located in, at 1.1% average annual per year. This assumption is appropriate, as Corvallis is the regional employment and commerce center.

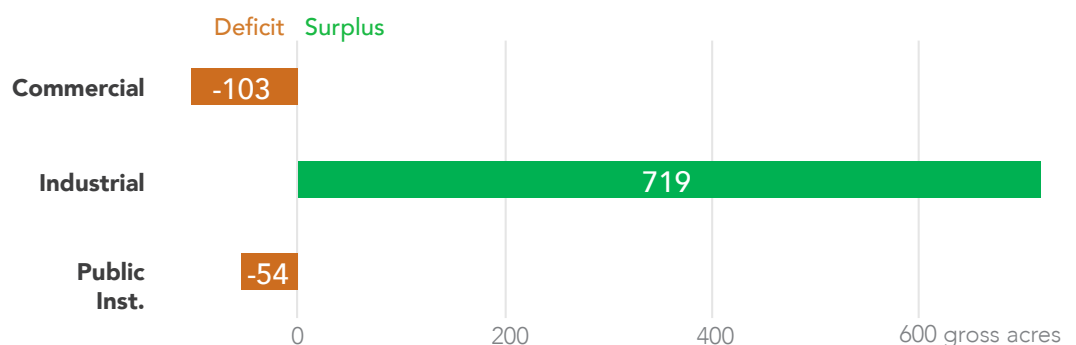
Employment growth will result in demand for about 337 gross acres of land. Corvallis will need about 157 gross acres of land to accommodate employment growth in Commercial Plan Designations, 56 acres of land in the Public Institutional Plan Designation,² and 124 gross acres in Industrial Plan Designations.

FORECASTED DEMAND FOR LAND TO ACCOMMODATE EMPLOYMENT, 2016-2036



When factoring these projected land needs with the current supply, Corvallis would have a deficit of 103 gross acres of land in Commercial Plan Designations and 54 acres in the Public Institutional Plan Designation. Corvallis would have a surplus of about 719 acres of land in Industrial Plan Designations.

COMPARISON OF BUILDABLE LAND SUPPLY AND DEMAND FOR LAND, PRESENT



² Public institutional land does not include land needed for government employment growth, such as city facilities or OSU's growth. It only includes demand for growth of employment at privately-owned businesses located in the Public Institutional Designation. The largest business in this Designation is Good Samaritan Hospital.

Short-Term Land Supply and Redevelopment

Short-term land supply

Goal 9 requires Corvallis to assess the short-term supply of commercial and industrial land based on the criteria that land can be ready for construction within one year. Cities must provide at least 25 percent of the total land supply within the urban growth boundary designated for industrial and other employment uses as short-term supply.

The City of Corvallis staff worked with the results of the buildable lands supply to identify commercial and industrial land that meet the definition of short-term supply of land. The City's approach was to examine all unconstrained vacant commercial and industrial land within the city limits. On these lands, the City considered access to water, sanitary sewer, and stormwater, prioritizing lands within 100 feet of an existing pipe or main. The City also considered location within the Enterprise Zone as a factor in identifying short-term land supply. The City did not consider lands outside of the city limits or partially vacant lands in this analysis because development of these lands may take longer than one year from submission of a building permit.

The results show that Corvallis has 30 acres of commercial land (on 39 sites) in the short-term supply of land and 443 acres of industrial land (on 60 sites) in the short-term supply of land. In comparison to all unconstrained vacant and partially vacant commercial and industrial land, 56% of Corvallis' commercial land is in the short-term supply and 53% of industrial land is in the short-term supply.

Redevelopment

The analysis of employment growth assumes relatively modest changes to the amount of employment that will be accommodated through redevelopment without public policy interventions to encourage redevelopment.

Redevelopment occurs when achievable rents exceed the current return on investment of the land and improvements. Corvallis' deficit of commercial land makes redevelopment of underutilized land or commercial buildings with relatively low improvement value more likely. However, Corvallis has a substantial surplus of vacant industrial land, suggesting that market pressure for industrial redevelopment will be less likely.

Corvallis should consider policies that will encourage commercial redevelopment, such as opportunities for commercial redevelopment and encouraging redevelopment for highly desirable commercial uses (e.g., growth of small and mid-sized traded-sector uses in office space, such as software development). The City may choose to consider other policies to encourage redevelopment, such as financial assistance to support redevelopment of key sites (e.g., providing low-cost loans or assistance with systems development charges) for uses that the City wants to attract and grow.

Employment Land Conclusions

The conclusions from the Urbanization Study on Commercial and Industrial land in Corvallis are:



- **Corvallis is forecast for growth in both commercial and industrial employment sectors.** Corvallis is planning for growth of nearly 8,200 new jobs in the city over the 2016 to 2036 period. More than 6,000 of the jobs will be in office and commercial services, more than 1,000 in retail, and nearly 1,100 in industrial land uses. Growth of these jobs will result in demand for about 213 gross acres of land in Commercial and Institutional Plan Designations and 124 gross acres in Industrial Plan Designations.
- **Corvallis has a projected deficit of commercial land for development.** This category of land includes growth of employment at privately-owned businesses in Commercial Plan Designations and in the Public Institutional Designations. The majority of this employment is in office or retail uses, such as office buildings, services (e.g., financial or personal care services), or retail stores.



Corvallis has about 52 gross acres of unconstrained vacant or partially vacant land in commercial Plan Designations and two acres of public institutional land within the UGB. Corvallis' demand for this type of land (about 213 acres) exceeds the supply of this land, leaving a deficit of about 153 gross acres of land for commercial and public institutional uses.

- **Corvallis will need to identify ways to accommodate commercial growth.** Strategies to accommodate commercial growth include encouraging redevelopment of underutilized commercial lands, re-designating industrial land for commercial uses, or assisting with annexation of commercial land as landowners are willing to develop.
- **Corvallis' industrial land has constraints to development.** While Corvallis has a surplus of more than 700 acres of land in Industrial Plan Designations, the city's industrial land base has constraints that limit development. The chief constraints that limit development are distance from I-5, location in the southern part of the city (away from downtown), wetlands, and lack of urban services (e.g., water or wastewater). In addition, about 43% (380 acres) of Corvallis' buildable industrial land base is located outside of the city limits and will need to be annexed and serviced before development can occur, a process that takes a considerable amount of time and resources.
- **Corvallis' vision for economic development is based on diversifying its economic base, leveraging linkages between OSU and existing businesses in Corvallis, and attracting environmentally sound industries.** Corvallis' economic development strategy is primarily to grow existing businesses and to foster start-up businesses.

- **Corvallis has some, but not all of the inputs necessary to implement its vision for economic development.** Corvallis is home to two business incubators or accelerators with connections to OSU that have successfully assisted multiple businesses in growing. Feedback from staff at the incubators indicate that Corvallis lacks critical inputs necessary to continue growing businesses.

One of the scarce key inputs in Corvallis is available sites for business growth, both land and existing buildings. Growing businesses in Corvallis have difficulty finding space in existing office and production buildings. The issues include the deficit of commercial land within the city limits, as well as the distance of much of Corvallis' industrial land from downtown Corvallis and OSU. Corvallis has few vacant available commercial or industrial buildings. The buildings that are vacant are either not available for leasing or do not have the facilities (e.g., wet laboratory space or production facilities) needed by businesses.

Other key inputs that are lacking in Corvallis are more difficult for the City to address. For example, Corvallis is located relatively far from sources of capital (i.e., Silicon Valley), the Portland Airport is nearly two hours away, and the Eugene Airport has limited service. Moreover, some younger entrepreneurs prefer to live in larger urban areas, such as Portland or San Francisco. The City's ability to change these factors is limited. However, the City's economic development staff can work with business incubators and businesses to mitigate these factors where possible.

- **Corvallis' policies about development of commercial and industrial land are complex, creating delay and uncertainty for these types of development.** Discussions with stakeholders involved in commercial and industrial development indicate that, like Corvallis' residential development policies, the City's policies for commercial and industrial development create barriers to development. The development process is complex, adding time and expense to development.



Employment Policy Recommendations



The recommendations for managing Corvallis' employment land are:

- **Update the Economy Element of the Comprehensive Plan.** The Economy Element contains the 2020 Corvallis vision statement, data from prior analyses, and economic development policies. Updates would include:
 - The City could consider updating the vision, based on the ongoing Imagine Corvallis 2040 visioning project and the 2015 update to the Corvallis Economic Development Strategy.
 - We recommend updating out-of-date data, based on the economic opportunities analysis, or removing the data from the Economic Element.
 - The policies in the Economy Element are very specific and involved. The City should consider whether it wants to have this much detail in its policies that govern land for employment uses.
- **Update policies in the Economy Element to comply with newer Goal 9 requirements.** The Economy Element only partially complies with OAR 660-009. The Element does not fully address 2007 additions to this administrative rule that were implemented since the last update of the Economic Element. In particular, we recommend that the City address the following:
 - We recommend the City adopt a goal or policy stating the intent to maintain a 20-year supply of land consistent with Goal 9.
 - The EOA identifies specific "target" industries. We recommend that the City adopt a policy or goal that lists the final target industries identified in the EOA.
 - We recommend that the City adopt a policy or goal about maintaining a short-term supply of land for commercial and industrial uses.
- **Identify opportunities for addressing the deficit of commercial land.** Corvallis can address the commercial land deficit in a number of ways, including: (1) allowing and encouraging a wider range of commercial uses in appropriate industrial designations such as Limited Industrial, Office; (2) identifying opportunities to rezone surplus industrial land to commercial uses, focusing on the industrial land that is least likely to develop for industrial uses; (3) identifying opportunities for commercial redevelopment and encouraging redevelopment for highly desirable commercial uses (e.g., growth of small and mid-sized traded-sector uses in office space, such as software development); and (4) take no action and allow retail areas to redevelop as a result of market demand because land

for commercial uses is so scarce in Corvallis. Each of these approaches could be a part of the solution to addressing Corvallis' commercial land deficit. We strongly recommend that the City take action on options one through three above. If the City does not take action (option four), it risks continuing to have start-up businesses leave Corvallis because of a lack of commercial sites for development.

- **Continue to support business growth and incubation efforts.** The City should continue to support business growth and incubation efforts in a wide range of ways. Suggestions for providing this support from Corvallis stakeholders include the following, several of which are identified as strategies in the "Corvallis Economic Development Strategy:"
 - The City should continue to support businesses in finding office and other business space. The City can actively support business incubation by assisting individual businesses in finding sites for development or buildings to lease.
 - The City should continue to work with the OSU Advantage Accelerator in obtaining a building for business incubation. The City's role could include assisting in a range of ways, such as identifying buildings with the necessary characteristics or providing financial assistance to the Accelerator (e.g., low-interest loans).
 - The City could make or encourage infrastructure improvements to support businesses. Corvallis business stakeholders suggest the following additional infrastructure improvements to support businesses: increasing access to high (and higher) speed telecommunications or improving the access to transit (e.g., the hours that transit runs or the areas where transit is available).
 - The City could provide direct financial assistance to small businesses. This assistance might take the form of tax breaks for small growing businesses, increased use of the City's existing Enterprise Zone, or low-interest loans to support expansion of businesses.
 - The City could develop an action plan to support growth of small businesses. The action plan would address the issues identified in this report, as well as other issues identified through outreach to economic development stakeholders in the community.
- **Continue monitoring commercial and industrial development.** Monitoring retail and office development is a useful activity. Monitoring commercial development is particularly challenging since most building permit data systems do not collect data on built space for new or redeveloped commercial uses. The City should consider more detailed monitoring of commercial (and industrial) development if the cost is practical. The City should also consider approaches to monitor redevelopment and infill on employment lands.

